



# **EMPLOYMENT AND TRAINING FUND**

## **2006-2007 Annual Report**

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## **WORKFORCE DEVELOPMENT DIVISION**

The Employment and Training Fund Program (ETF)  
Fiscal Year 2006-2007

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The ETF program serves the training needs of the community by simultaneously addressing economic and workforce development, which are critical to the continued viability and growth of the State. Unlike federal job training programs that serve only individuals who face employment barriers, the ETF is able to provide businesses the opportunity to upgrade the skills of the workforce from entry-level to top management. Training allows workers to acquire the job skills necessary to keep pace with local, national, and international competitors.

The purpose of the ETF program is to “assist employers and workers through innovative programs to include, business-specific training, and upgrade and enhance occupational and management skills to improve the long-term employability of Hawaii’s people.” There are two ways in which employers and employer groups can access ETF funds: 1) Statewide and Countywide Training Grants (macro) and 2) ETF’s Employer Referral Program (micro).

The ETF awards macro (organizational/community level) grants to business associations and consortia to develop customized training projects that address industry training needs in the state. These grants provide “seed money” for innovative education and training curricula and program design. Each plan must include, but is not limited to, a needs assessment, project guidelines, a marketing and delivery plan, and a self-sufficiency component to ensure the continuation of training beyond the grant period. Business and industry consortia are required to provide cash and/or in-kind contributions to strengthen their commitment to the project. To date, approximately 18,653 individuals have been trained through the macro program.

In 1996, the department expanded the ETF program to include training opportunities to individual businesses. Unlike the macro program, individual employers need not submit a comprehensive plan to develop new training curricula, program design, and instruction. The micro program enables employers to register their workers for existing short-term, non-credit training courses offered by ETF-approved public and private training vendors to upgrade employees’ capabilities in order to meet the competitive demands of the workplace. The program is open to all within a company: owners, managers, supervisors, and workers. The ETF will pay 50% of the cost for any course taken that meets its eligibility criteria. To date, approximately 66,633 individuals have been trained through the micro program.

Other states like Florida and California have legislatively mandated a fifty percent in-kind contribution towards training costs. To balance the responsibilities and partnership between the state and business sectors, Hawaii’s legislators followed similar guidelines. The intent was to develop a collaborative approach in workforce preparation and strengthen and improve policies and programs that meet Hawaii’s job market needs.

ETF monies are generated through an employer assessment collected together with unemployment insurance contributions. These special funds are targeted specifically to help keep Hawaii’s workforce competitive and employed at the cutting edge of their chosen profession and occupations. During the 2002 Legislative Session, lawmakers made the ETF program permanent. They also lowered the assessment rate of .05 percent to .01

percent of taxable wages, while setting a nominal cost for users of the ETF Program (Act 248). Employers who access ETF funds for training are required to contribute fifty percent or more of the cost of assistance.

In the 2007 Legislative Session, lawmakers lowered taxable wages to be assessed. This is projected to reduce revenue by about 50% to 67% in fiscal years 2008-2010.

### **FISCAL YEAR (FY) 2006-2007 RESULTS**

The ETF's net available funds included a carryover balance of \$2,353,313 plus \$1,052,455 generated in net revenues. This amount, minus \$1,646,612 in expenditures, left a fund balance of \$1,759,156 for FY 2007-2008.

Eighteen (18) training vendors delivered a wide array of training opportunities through the micro program. Given the increasing importance of technology in the workplace, it is not surprising that computer-related courses are the most requested by business. For example, of the 2,489 registrations, 1,609 classes were from this particular training category. This represents 65% of all enrollments in the various training course categories funded by ETF. Computer-related courses frequently requested by Hawaii's employers included: basic, intermediate, and advanced courses in the more popular computer applications, such as word processing, spreadsheets, database, presentations, computer-aided design, desktop publishing, local area networking, programming, and Internet/web page design. Other popular courses requested by employers were food safety (13%), business/management (10%), human resources (3%), early childhood, curriculum development, and marine studies (in that order respectively).

Approximately 1,491 participants accessed ETF training funds. These participants registered for 2,489 classes, averaging 1.67 classes per participant. Of the 2,489 transactions, the ETF funded a total of 358 classes on Kauai; 146 classes on the Big Island; 174 classes on Maui; and 1,811 classes on Oahu.

The ETF served a total of 416 businesses statewide. These included 55 employers on Kauai, 37 on the Big Island, 48 on Maui, and 276 on Oahu.

Demand for training increased by a total of 15% from Program Year 2005-2006. The average cost per individual also increased from \$121.94 in Program Year 2005-2006 to \$180.52 in Program Year 2006-2007, an increase of 48%. With RFP 2007-01, ETF generated a significant amount of interest from a variety of new vendors across the state which likely increased the number of ETF-funded training services this past year. In January 2007, ETF issued agreements with eighteen training providers to provide services from January 7, 2007 through January 2, 2008.

In May 2007, ETF approved a macro grant for the Society for Human Resource Management to conduct "The Workplace Excellence Project" training program. The training consists of three components called "ACE." The **A**lignment component takes a look at how an organization is impacted by goal alignment, brand identification and customer alignment. The **C**apabilities component involves talent and resource matching to meet customer needs. The **E**ngagement component looks at what motivates and satisfies employees to become engaged and committed to a company's mission. Training will begin with senior executives of participating companies, followed by development of a group of certified master trainers. The last phase involves training of employees of participating companies.